Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

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PAGE 01 SANTIA 04526 222236Z

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ACTION EB-11

INFO OCT-01 AF-10 ARA-16 ISO-00 SS-15 SSO-00 NSC-10 NSCE-00

TRSE-00 COME-00 CIEP-02 CEA-02 CIAE-00 INR-10 NSAE-00

RSC-01 OMB-01 AID-20 INRE-00 XMB-07 FRB-02 DRC-01

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O R 222211Z SEP 73
FM AMEMBASSY SANTIAGO
TO SECSTATE WASHDC IMMEDIATE 5807
INFO AMEMBASSY NAIROBI

S E C R E T SANTIAGO 4526

NAIROBI FOR USDEL

E.O. 11652: GDS
TAGS: PFOR, CI
SUGJECT: ECONOMIC STABILIZATION

SUMMARY: ORLANDO SAENZ REQUESTS INFORMAL US ASSISTANCE TO PERSUADE CARLOS SANZ DE SANTAMARIA TO ESTABLISH HIGH-LEVEL ECONOMIC FACT-FINDING COMMISSION FOR CHILE. ACTION: REQUEST DEPARTMENT MAKE APPROPRIATE EFFORT TO SUPPORT CHILEAN INITIATIVE AND CONSIDER HAVING MEMBER OF USDEL AT NAIROBI IBRD/IMF MEETING EXPLORE CHILEAN GOVERNMENT PROPOSAL WITH ORLANDO SAENZ. END SUMMARY.

1. ORLANDO SAENZ, ECONOMIC ADVISOR TO FOREIGN MINISTER, CONTACTED EMBASSY TO REQUEST ASSISTANCE RE MISSION GIVEN HIM BY GOVERNMENT JUNTA FOR NAIROBI IBRD/IMF MEETING. (SAENZ DEPARTS AFTERNOON SEPT 22 WITH CHILEAN DELEGATION.)

2. SAENZ SAID JUNTA ASKED HIM TO APPROACH CARLOS SANZ DE SANTA-MARIA AT CONFERENCE IN ORDER CONVINCE SANZ TO SET UP HIGH-LEVEL INTERNATIONAL COMMISSION FOR FACT-FINDING VISIT TO CHILE ASAP. IDEA IS THAT COMMISSION WOULD GIVE CREDIBLE AND WELL-PUBLICIZED ACCOUNT OF CONDITION OF COUNTRY, PARTICULARLY ECONOMY,

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PAGE 02 SANTIA 04526 222236Z

AT TIME JUNTA TOOK OVER. JUNTA ALSO WANTS CIAP COUNTRY REPORT FOR

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

CHILE TO BE COMPLETED BY END OCTOBER. JUNTA WANTS BOTH REPORTS ON HAND FOR RESUMPTION OF PARIS CLUB TALKS, WHICH JUNTA PROPOSES TO POSTPONE UNTIL FIRST PART NOVEMBER.

3. JUNTA MEMBERS TOLD SAENZ THAT SANZ HAD BEEN APPROACHED BEFORE COUP TO FORM FACT-FINDING COMMISSION, AND THAT HE HAD AGREED. SAENZ IS DUBIOUS, HOWEVER. HE BELIEVES HE WILL FIND IT DIFFICULT TO CONVINCE SANZ. THEREFORE, SANEZ WOULD GREATLY APPRECIATE ANY INFORMAL APPROACHES TO SANZ BY USG WHICH MAY BE POSSIBLE.

4. COMMENT: REQUEST DEPARTMENT MAKE APPROPRIATE EFFORT SUPPORT CHILEAN REQUEST TO SANZ DE SANTAMARIA. WE HAVE BEEN INCLINED TO VIEW A REQUEST FOR AN EARLY IMF MISSION TO CHILE AS THE HIGHEST PRIORITY INTERNATIONAL ACTION GOC COULD TAKE TOWARD STABILIZATION. NEVERTHELESS, PROPOSAL FOR AN INTERNATIONAL ECONOMIC FACT-FINDING COMMISSION WOULD SEEM TO HAVE INTRINSIC MERIT AS WELL. IT ALSO HAS ADVANTAGE OF BEING A CHILEAN INITIATIVE WHICH KEEPS THEM IN PROPER POSITION OF LEADERSHIP IN EFFORTS TO GRAPPLE WITH THEIR ECONOMIC PROBLEMS.

5. DEPARTMENT MAY WISH TO CONSIDER HAVING APPROPRIATE MEMBER OF USDEL AT NAIROBI EXPLORE THIS PROPOSAL WITH ORLANDO SAENZ.

6. DEPARTMENT MAY WISH TO CONTACT WALTER SEDWITZ RE CHILEAN DESIRE HAVE CIAP REPORT COMPLETED BY END OCTOBER.
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Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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EO Systematic Review
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